



# Los Angeles County AUDIT COMMITTEE

Louisa Ollague, Chair  
1<sup>st</sup> District  
Lori Glasgow, Vice Chair  
5<sup>th</sup> District  
Dorinne Jordan  
2<sup>nd</sup> District  
Genie Chough  
3<sup>rd</sup> District  
Carl Gallucci  
4<sup>th</sup> District

## MINUTES

May 20, 2010

Chair Louisa Ollague called the meeting to order at 10:40 a.m. in Conference Room 525, Kenneth Hahn Hall of Administration.

### Committee Members Present

Louisa Ollague, Chair, First District  
Genie Chough, Third District  
Carl Gallucci, Fourth District  
Lori Glasgow, Vice Chair, Fifth District

### Committee Members Excused Absence

Dorinne Jordan, Second District

## APPROVAL OF MARCH 18, 2010 MINUTES

On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the minutes of March 18, 2010 were approved.

## OLD BUSINESS

**On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee received and filed the following reports:**

- Proposed Policy on Retention of Contractor Employees for Security Service Contracts - Revised (02/17/10)
- Department of Consumer Affairs Internal Control Certification Program Follow-up (03/01/10)

**On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee continued the following items to its June 17, 2010 meeting:**

- Sheriff's Department – Inmate Welfare Fund Financial/Compliance Audit (02/26/10)
- Clontarf Manor, Inc. Contract Compliance Review - A Department of Mental Health Service Provider (02/26/10)

**On motion of Louisa Ollague, seconded by Genie Chough and unanimously, the following item was taken off calendar:**

- Status on Common Subject Search for Investigations (03/10/10)

Martin Zimmerman, Chief Executive Office answered questions posed by Lori Glasgow regarding the authority of the CEO to approve and enforce the following policy without approval from the Board based on the CEO's administrative authority:

- Proposed County Vehicle Policy – Revised (11/10/09)

**After discussion, by Common Consent, there being no objection the above item was referred back to the Chief Executive Office for review.**

### **BOARD POLICIES**

**On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee approved the following policy:**

- Review of Board Policy No. 2.010 – Policy That No Items Be Placed On The Board Agenda Until Related Documents Are On File (04/08/10)

**On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee continued the following policy to its June 17, 2010 meeting:**

- Review of Board Policy No. 5.125 - Economic Development - Business Incentive Program (04/15/10)

### **REPORTS TO BE RECEIVED AND FILED**

**On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee received and filed the following reports:**

- Notification of Contract Extension/Cost Reduction (03/22/10)
- Report on the 2007-2008 Civil Grand Jury's Recommendation to Review Promised Savings from Unification of the Sheriff's and Los Angeles Police Departments' Crime Labs (04/02/10)
- Department of Health Services' Community Health Plan Financial Audit for Years Ending June 30, 2008 and 2009 (04/13/10)
- The Wall Las Memorias Project - A Department of Public Health HIV/AIDS Prevention Services Provider (04/13/10)
- Pacific Asian Counseling Services Contract Review - A Department of Mental Health Service Provider (04/19/10)
- Hillview Mental Health Center, Inc. - A Department of Mental Health Service Provider (04/19/10)
- Department of Health Services - LAC+USC Medical Center Payroll/Personnel Review (04/27/10)
- Management Audit of the Department of Coroner (04/27/10)
- Report of Treasurer and Tax Collector's Cash Difference Fund Replenishments for the Fiscal Year Ended June 30, 2009 (04/29/10)

- St. Joseph Center Contract Compliance Review - A Department of Mental Health Service Provider (05/04/10)
- Phoenix House of Los Angeles, Inc. Contract Review - A Department of Mental Health Service Provider (05/05/10)
- Maryvale Contract Review - A Department of Mental Health Service Provider (05/05/10)
- Behavioral Health Services, Inc. Contract Compliance Review - A Department of Mental Health Service Provider (05/05/10)
- Proposition A Contract – Department of Health Services On-Site Document Scanning Services (Board Agenda 5/11/10, Item 25) (05/07/10)
- Terminated Employees With eCAPS System Access (05/12/10)
- Status Report on Review of Physician Indigent Care Reimbursement Program (Board Agenda Item 17, February 16, 2010) (05/13/10)
- District Attorney's Office – Bad Check Restitution Program Agreement Financial/Compliance Audit (05/13/10)

**On motion of Louisa Ollague, seconded by Lori Glasglow and unanimously carried, the Committee referred the following item to the Justice Deputies for review:**

- The Resources Company's Evidence-Based Practices Training Status Report - 7/1/2009 to 12/31/2009 (03/22/10)

(Carl Gallucci joined the meeting)

**On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee received and filed the following reports:**

- Hub Cities Consortium Contract Review - A Community and Senior Services Workforce Investment Act Program Provider - Fiscal Year 2008-09 (03/24/10)
- Community and Senior Services – Monitoring Reviews of Workforce Investment Act/American Recovery and Reinvestment Act Summer Youth Employment Program Service Providers Summary (04/06/10)

Margaret Quinn, Community and Senior Services, reported the following:

- After meeting with Board Deputies an action plan was created to address repeat findings. She thanked Don Chadwick, Elaine Boyd and Auditor-Controller staff for identifying the common and repeat findings and met with CSS, and the contractor at a technical assistance meeting to inform them of the issues and provide a remedy.
- Jackie Sakane, Community and Senior Services, surveyed other counties for repeat findings and discovered after technical assistance, they conduct follow-up monitoring based on their findings. Auditor-Controller is establishing a follow up monitoring plan to verify that corrective action plans are being implemented. Providers not in compliance will be immediately suspended until the corrective action is validated. Directives were issued on April 1<sup>st</sup>.

- 2010-2011 Contracts have been modified to require criminal clearance of public agencies working with minors. To access supplemental funding a contractor must be in good standing. Repeat findings will be considered in the scoring to reduce points. On June 1<sup>st</sup> formal written notice will be given to contractors advising them that they will be given two years to come into compliance. RFP's will be released July 2012.
- Monies have been recouped from one provider who was told not to bill for trips to New Mexico until issues were resolved. With the elimination of RWG Contracts and implementation of line item budgets in 2009/2010 no current problems exist. In former years, the State expressed insufficient documentation has been submitted to establish as a proper procurement and is estimating about one million in findings between two agencies. Auditor-Controller staff led by Terri Kasman will validate amount and seek repayment.

Jackie Sakane, Community and Senior Services provided an overview of the Quarterly Questioned Costs Collection Report (on file).

**On motion of Louisa Ollague, seconded by Lori Glasglow and duly carried, the Committee continued the following items to its June 17, 2010 meeting:**

- Crystal Stairs, Inc. Contract Review - A Department of Public Social Services CalWORKS Stage One Child Care Program Provider (04/14/10)
- Community Union, Inc. Contract Review - A Department of Public Social Services Community Services Block Grant Program Provider (04/14/10)

Aggie Alonso, CPA, CIA, Chief Accountant-Auditor, reported the Contractor was uncooperative throughout the review and 90% of expenses reviewed were unallowable or unsupported. DPSS issued a demand letter for payment by May 17, 2010. Mr. Alonso will keep Audit informed.

- Chicana Service Action Center Contract Review - A Department of Public Social Services General Relief Opportunities for Work Program Provider (04/15/10)
- Cost Analysis of Project 50 Homelessness Reduction Project (Board Agenda Item S-2, May 26, 2009) (04/23/10)
- New eHR Payroll System Support (04/29/10)
- Friends Research Institute, Inc. Contracts Review - A Department of Public Health HIV/AIDS Prevention Services Provider (05/04/10)
- Jewish Vocational Service Contract Review - A Department of Public Social Services General Relief Opportunities for Work Program Provider (05/05/10)
- LAMP Community Contract Review - A Department of Mental Health Service Provider (05/06/10)
- Los Angeles Homeless Services Authority Contract Review - A Department of Public Social Services Emergency Shelter Service Program Provider (05/06/10)
- El Nido Family Centers Contract Review – A Department of Public Social Services CAL-Learn Program Provider (05/12/10)
- Pacific Lodge Youth Services Contract Review – A Department of Mental Health Service Provider (05/12/10)

- Westside Family Health Center Contract Review – A Department of Public Health HIV/AIDS Prevention Services Provider (05/13/10)
- Harbor-UCLA Medical Center Procurement Review (5/13/10)
- ALTAMED Health Services Corporation Contract Review – A Department of Public Social Services CAL-Learn Program Provider

### **OTHER BUSINESS**

Pending Audits/Monitoring Reports - There was none.

Fiscal Year 2009-2010 Cash Flow Projection (05/17/10) – John Naimo, Auditor-Controller, reported the amount of cash flow expected to be required by the hospitals has been exceeded by \$500 million as of April 30<sup>th</sup>. There are five Hospital Funds one for each county hospital that rely on the General Fund advances. The advances are intended to provide cash flow to the Hospitals until accounts receivable are collected. The Cost Based Reimbursement Clinics (CBRC), slow down in on-going Medi-cal money and uncollected provider revenue are the major delays in collecting Hospital account receivables. Auditor-Controller is working with DHS to provide the Audit Committee with a more detailed report.

Sheila Shima, Chief Executive Office reported the State CBRC interim rate has not been increased since 2004-2005. In discussions with the State, they agree it should be increased however have not determined if the increase should be retroactive. Ms. Shima will prepare written communication to formerly address their delay in payment and the negative financial effect on the County.

Sunset Reviews (discussion) - There was none.

### **PUBLIC COMMENT**

There was none.

### **CLOSED SESSION GOVERNMENT CODE 54956.9**

On motion of Louisa Ollague, and by common consent, this item was taken off calendar.

### **MATTERS NOT ON THE POSTED AGENDA (TO BE PRESENTED AND PLACED ON THE AGENDA OF A FUTURE MEETING)**

There was none.

### **ADJOURNMENT**

There being no further business to conduct, the meeting was adjourned at 12:07 p.m.

Others in Attendance

Maria Oms, Auditor-Controller  
Don Chadwick, A-C  
Jim Schneiderman, A-C  
John Naimo, A-C  
Elaine Boyd, A-C  
Kris Kademian, A-C  
Michelle Day, A-C  
Gregg Iverson, AC  
Aggie Alonso, A-C  
Martin Zimmerman, Chief Executive Office  
Sheila Shim, CEO  
Frank Cheng, CEO

James Hazlett, CEO  
Ellen Sandt, CEO  
Sid Kikkawa, CEO  
Amanda Drukker, CC  
Cordé Carrillo, CDC  
Bobbette Glover, CDC  
Margaret Quinn, CSS  
Josie Marquez, CSS  
Jackie Sakane, CSS  
Larry Gatton, DHS  
Efraín Muñoz, DHS

Staff

Twila P. Kerr, Board of Supervisors  
Lupe Duron, Board of Supervisors